

Comparing the Drug Discount Initiatives

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Propositions 78 and 79 both would create drug discount programs for low-income Californians, but they differ in scope and enforcement clout. If both pass, the one with the larger number of votes will take effect.

Proposition 78 would create a program open to individuals who do not have insurance coverage for prescriptions and who make no more than \$29,000 a year. Families of four that make no more than \$58,000 would be eligible, according to the legislative analyst's office.

That would cover 4 million to 6 million Californians, according to HealthVote.org, an informational website sponsored by the nonpartisan California HealthCare Foundation.

Proposition 79 would extend the program to individuals making as much as \$38,000 a year and families of four making as much as \$77,000. People whose families spend 5% or more of their income on medical care would be eligible. Eight million to 10 million people would be eligible under this plan.

Proposition 78, which is backed by pharmaceutical companies, would be voluntary. Drug makers would face no penalty if they declined to sell prescription medications to eligible residents at a reduced price. Proposition 78 would allow the state to drop the plan if it proved unpopular.

Proposition 79, backed by consumer and labor groups, provides a penalty for firms that do not agree to sell prescription drugs at a discount: The state could deny Medi-Cal contracts to firms that do not participate.

Without a contract, the state could — under certain circumstances — move a company's drugs off a preferred formulary and onto a list that requires physicians to obtain approval before prescribing. This could cost the company market share.

Also, Proposition 79 allows anyone to sue a drug company for engaging in profiteering, which is defined as demanding "an unconscionable price" or "prices or terms that lead to any unjust and unreasonable profit."